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# Construction of Valuation Tiers Through Multiplicative Increments: A Structured Analytical Method Applied to IPOs and Mega-Capitalizations

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# About The Author

**Djibril Chimère Diaw**

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# Dedication

To

my mother Marème Fall

my father  Amadou Chimère Diaw

my wife  Isabelle Diaw

my children

Fatou-Chimère Diaw, Ahmadou-Chimère Diaw,

Marième-Chimère Diaw, Aïssata-Chimère Diaw .

my grandparents

Fatou Methiour Ndiaye & Waly Sega Fall

Fatou Faye & Souleymane Chimère Diaw

Teachers

**To those who shall come into the world a century after me, beginning in the year two thousand and seventy-two.**

# To all mothers,

to those who made our coming into the world possible through the gift of themselves,
to those who, even today, carry, give birth to, nourish, protect, and raise life,
to those who, tomorrow, will continue to open the path of human existence.

To all women who, in silence or in light, have risked their bodies, their strength, and sometimes their lives so that humanity may endure.
To their quiet courage, their daily resilience, and their founding love.

**May this work stand as an act of recognition,**
**a tribute passed on from generation to generation,**
**and a word of gratitude addressed to those without whom nothing would have been, nothing is, and nothing will be.**

# Construction of Valuation Tiers Through Multiplicative Increments: A Structured Analytical Method Applied to IPOs and Mega-Capitalizations

## Editorial Preface

Financial market analysis often oscillates between two poles: on one side, strictly technical price interpretation, and on the other, fundamental valuation reasoning. Between these two approaches, certain simple methods can build intermediate interpretive frameworks that make the often chaotic dynamics of IPOs more intelligible.

The method consisting of starting from the IPO price and applying increasing multiplicative steps of 0.1 constitutes an attempt to progressively rationalize price evolution. It does not aim to predict the market, but rather to provide a structured mapping of psychological thresholds and relative valuation levels.

The case of SPCX, compared with global technology giants, illustrates the heuristic power of this approach: transforming a price trajectory into a comparative scale of global capitalization.

# General Introduction

Initial public offerings represent moments of high informational instability, where the initial price does not yet reflect a stabilized market structure. In this context, investors seek simple reference points to interpret rapid and sometimes extreme price movements.

One possible approach consists in normalizing the IPO price by transforming it into a base unit (1.0), then constructing a series of levels with regular increments of 0.1. This method allows for:

- structuring the perception of price progression;
- associating each tier with an implicit capitalization;
- directly comparing the emerging asset with major global capitalizations;
- identifying psychological market zones (accumulation, euphoria, distribution).

Applied to SPCX, this method makes it possible to reposition a speculative dynamic within a global hierarchy, linking a recent IPO to mega-capitalizations such as NVIDIA, Apple, or Microsoft.

# Analysis of Multiplicative IPO Price Tiers and Their Correspondence to Mega-Capitalization Structures: Application to the SPCX Case

## 1. Theoretical Foundations of the Multiplicative Method

The method is based on a simple normalization:

$P_0$ = IPO price

$$P_n = P_0 \times (1 + 0.1n)$$

where $n \in [0,30]$ or more depending on the depth of analysis.

This arithmetic progression of multipliers allows the transformation of an absolute price into a relative scale, facilitating cross-asset comparison.

## 2. Conversion into Implicit Market Capitalization

Market capitalization is given by:

$$C_n = P_n \times N$$

where N represents the number of outstanding shares.

In the case of SPCX:

- $P_0 = 135$
- $N = 13.08$ billion shares

Thus, each multiplicative tier corresponds to an implicit global capitalization comparable to existing mega-capitalizations.

## 3. SPCX as an Empirical Application Case

Applying this method to SPCX reveals a clear interpretative structure:

- **1.0× (135 $)** → IPO entry, initial valuation
- **1.2× (162 $)** → beginning of price validation
- **1.3× (175.5 $)** → transition zone toward trend formation
- **1.5× (202.5 $)** → approximate equivalent of Amazon (~2.6T$)
- **1.7× (229.5 $)** → equivalent of Microsoft (~3T$)
- **2.5× (337.5 $)** → Apple / Alphabet zone (~4–4.5T$)
- **~2.9× (391.5 $)** → Nvidia zone (~5T$)

This structuring transforms a simple price series into an implicit global hierarchy.

## 4. Behavioral Interpretation of Tiers

Each multiplicative interval corresponds to a distinct market behavioral regime:

**a) 1.0× – 1.2×: Discovery and instability**

Phase dominated by IPO supply absorption and high volatility.

**b) 1.2× – 1.3×: Validation test**

First confrontation between institutional buyers and early sellers.

**c) 1.3× – 1.5×: Initial euphoria**

Acceleration phase, often accompanied by profit-taking.

**d) 1.5× – 2.5×: Institutionalization**

The asset begins to be integrated into large-cap comparables.

**e) >2.5×: Structural revaluation**

The market no longer prices an emerging company, but a potential global infrastructure.

## 5. Comparison with Mega-Capitalizations

Global mega-cap companies (NVIDIA, Apple, Microsoft, Alphabet, Amazon) serve as cognitive anchors.

This method reveals that:

- SPCX at 1.5× IPO enters Amazon territory
- SPCX at 1.7× IPO reaches Microsoft
- SPCX at 2.5× IPO converges toward Apple and Alphabet
- SPCX at ~3× IPO reaches NVIDIA

Thus, tiers are not arbitrary but correspond to thresholds of global economic dominance.

## 6. Methodological Limitations

Despite its clarity, this method has several limitations:

- it assumes linearity in market behavior;
- it ignores evolving fundamental factors (revenues, margins, real growth);
- it does not account for macroeconomic cycles;
- it may lead to overinterpretation of upward continuity.

It should therefore be considered a **cognitive structuring tool**, not a predictive model.

# Transversal Conclusion

The method of multiplicative increments applied to IPO pricing constitutes a tool for transforming market perception. It allows a shift from fragmented price observation to a global hierarchical vision, where each tier corresponds to a comparable level of global market capitalization.

In the case of SPCX, this approach reveals a remarkable implicit structure: a simple IPO can be projected directly into the universe of global mega-capitalizations, where each +0.1 increment represents a movement within the global economic hierarchy.

However, this method must not be confused with predictive modeling. It functions primarily as a cognitive framework, enabling the organization of market complexity and linking short-term dynamics to long-term valuation structures.

In this sense, it illustrates a fundamental reality of modern markets: price formation is not only an economic process, but also a collective mental structuring process.